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C O N F I D E N T I A L SECTION 01 OF 02 ANKARA 001010

SIPDIS

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USDOC FOR 4212/ITA/MAC/CPD/CRUSNAK
DOE FOR CHARLES WASHINGTON
EUR ALSO FOR MATT BRYZA AND STEVE MANN
EXIM FOR MARGARET KOSTIC

E.O. 12958: DECL: 02/27/2016

TAGS: [EPET](#) [ENRG](#) [EWWT](#) [SENV](#) [TU](#) [IZ](#) [RU](#) [IR](#) [TX](#)

SUBJECT: TURKEY,S MINISTER CALLS TCP DRIVING FORCE FOR
EAST-WEST CORRIDOR

REF: A. ANKARA 544
[1](#)B. ANKARA 413
[1](#)C. 05 ANKARA 7656
[1](#)D. ASHGABAT 108

Classified By: AMBASSADOR ROSS WILSON FOR REASONS 1.4 (B,D)

[1](#)1. (C) SUMMARY: GOT Energy Minister Guler appealed February 27 to Ambassador for USG support on the Trans-Caspian Pipeline fQ natural gas from Turkmenistan and Samsun-Ceyhan Bosphorus bypass oil pipeline. He welcomed cooperation with the U.S. on approaching Turkmenistan to advance TCP, as an alternative to Russian and Iranian gas to Europe. Following up on his February 7-9 visit to Washington D.C., the Minister also asked for ExIm Bank support for U. S. exports and investment, especially in the GOT,s announced nuclear power plant program. End Summary.

Trans-Caspian Pipeline as "Driving Force"

[1](#)2. (C) Guler stated that USG support would be critical and the timing was right for pushing the Turkmen president to move forward on relaunching the Trans-Caspian natural gas pipeline (TCP). Citing pressure from the Russians to transit through Turkey to Europe, and for Iran and a number of European countries to do the same for Iranian gas, Guler said that there was only a window of weeks or months if TCP is to succeed. He called TCP a "driving force" that could prevent Russian and Iranian domination of natural gas sourcing for Europe. He said egress of Turkmen gas via TCP was supported at the highest level in the GOT.

[1](#)3. (C) Guler noted that Turkey already had a contract with Turkmenistan, but both Russia and Iran were blocking transit of Turkmen gas to Turkey (neither are Energy Charter members). The Minister also stated that we could cooperate to reshape the Nabucco project, by working with EU countries to keep Iran out of the mix, and that his personal initiative had so far blocked transit of Iran gas from Turkey. He stressed that developing sources of Turkmen, Azeri, Iraqi, and Egyptian gas would be beneficial both economically and diversify Turkey's and Europe's gas supplies. Guler enthusiastically said this would be a "win-win-win-win" situation and called for clear USG support.

[1](#)4. (C) Noting that the USG and GOT were closely aligned on supporting realization of a southern east-west energy

corridor, Ambassador outlined USG views on next steps for advancing TCP potential. He said the USG wanted to closely coordinate with the GOT on approaching Turkmenistan. EUR DAS Matt Bryza may be available to visit Turkey the week of March 13 to consult in advance of a stop in Ashgabat to see President Niazov; Guler welcomed this. Ambassador said it may be possible jointly to approach the Turkmen; Guler said he would consider it. Ambassador also said we are working toward TDA feasibility studies of TCP lines from Turkmenistan and Kazakhstan. Ambassador said Washington is prepared to explore interest among potential U.S. investors, but Turkey should take the lead in forming a consortium, perhaps led by Ahmet Calik and Calik Enerji. Noting that Azerbaijan was focused on development of its own gas resources, Ambassador stressed that gaining its cooperation with appropriate IGA and commercial arrangements would also be critical, and we should think how best to engage Baku.

15. (C) Turning to Turkey's own work, Ambassador emphasized the importance of completing the South Caucasus Pipeline by the end of 2006 as a key step in demonstrating the commercial feasibility of a broader East-West energy corridor. Keeping Turkish-Greek discussions and pipeline construction on track would also be important. He warned that Turkey's discussions with Russia about increased purchases of gas and expanding Blue Stream could send negative signals to the market about TCP prospects.

16. (C) Responding that Blue Stream could also serve as a source for Israel, the Minister acknowledged the problem, and emphasized the sensitivity and sense of urgency on energy supply diversification. He said that he suffered personally when a confluence of recent events had highlighted Turkey's energy supply vulnerability. Guler lamented that many

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agencies in the U.S. did not perceive how important TCP was. As Ambassador departed the Minister's office, Guler confided privately that Blue Stream is a problem and that he does not want to increase Turkey's already high energy dependence on Russia. It seemed clear that he is also under great pressure to increase Turkey's overall energy supplies as quickly as possible.

Samsun-Ceyhan Still the Chosen Bypass

17. (C) Minister Guler said the GOT's second priority was realizing the Samsun-Ceyhan Bosphorus bypass oil pipeline. (Note: Ahmet Calik has been anointed the champion for this long supported project, for which the GOT has so far not been effective in attracting broader support. End Note). The Minister said that this too was a project that was in both our countries' interest. Guler said the GOT was committed to developing Ceyhan as an oil-gas hub, not just for Turkey, but for the region, which would facilitate oil/gas transfer to third countries. Thanking the USG for its critical support for BTC, he hoped that the USG could show comparable support to push Samsun-Ceyhan. He noted prospecting work being sourced out by Chevron and others in Turkish Black Sea water. Commercial deposits there could improve the commercial viability of a Samsun-Ceyhan pipeline.

Nuclear and ExIm

18. (C) The Energy Minister said he had appreciated his tour of Lake Anna Nuclear Plant, noting that he was closely following President Bush's energy plan, especially with respect to incentives for investment. Guler said that Turkey would need \$120 billion in energy investment through 2020, of which \$100 billion will go for electricity. He was enthusiastic about his meeting with the ExIm Chairman and he was hopeful that ExIm could make attractive offers in export

financing to entice U.S. investors to participate, either in nuclear or other power projects.

Feting BTC First Oil

¶9. (C) Responding to Ambassador's question on whether BOTAS would indeed finish BTC by the target of May 27, Minister Guler insisted that it was on track. Moreover, he claimed that the delays in Turkey were caused by scope and timing changes by BP, and BP would cover the consequent cost overruns. (BP has separately told us that) in the interests of getting the project complete) it acquiesced on this battle. BP also said that the heavily negotiated Treasury guarantee for cost over-runs was not politically actionable.) Guler reiterated Turkey's interest in very senior-level USG participation at first Ceyhan tanker ceremony, targeted for the June 15-20 timeframe.

Chevron and its SE Turkey Permit

¶10. (C) Ambassador urged action on Chevron's application to carry out seismic work in the Silopi/Sirnak region of SE Turkey this spring. Guler said he supported Chevron's access and had raised the issue with the Jandarma and Defense Minister, and intended to raise it with the National Security Council. Noting that it was not a pre-condition, Guler nevertheless observed that Chevron has been unable to choose between Burgos-Alexandropolos and Samsun-Ceyhan.

¶11. (C) Comment: Guler got and appreciated the message that we are serious about TCP and he clearly welcomes high level U. S. engagement. If EUR DAS Bryza is able to come here, we can advance our TCP agenda and consult on strategy and tactics with Turkmenistan and other regional players.

WILSON